

Amtrak: America's Railroad

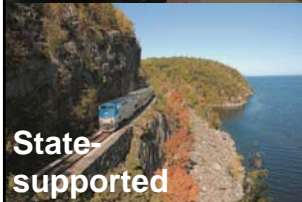
Amtrak Government Affairs

The Amtrak System

- Amtrak operates America's national intercity passenger rail system:
 - 305 weekday trains
 - 21,200 route-miles
 - 46 states, 3 Canadian provinces, and Washington, D.C.
- FY2014, system ticket revenue record, several individual services set ridership records
- Amtrak recovers **93%** of its operating costs
- This is a very busy and exciting time
- Major challenges:
 - Funding
 - Reauthorization (last reauth in 2008, new one in works)

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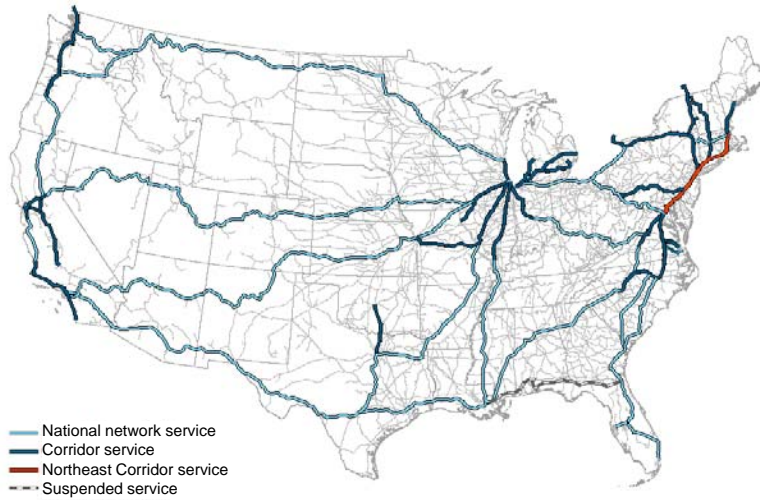
Types of Amtrak services



- Northeast Corridor
 - 457 miles
 - Washington-New York-Boston
 - 11.6 million riders in FY 2014
- National Network services
 - 15 routes
 - Up to 2,438 miles
 - 4.5 million riders in FY 2014
- State-supported trains
 - 29 routes
 - 19 partner states
 - Up to 750 miles
 - 14.7 million riders in FY 2014

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Today's Amtrak System



— National network service
— Corridor service
— Northeast Corridor service
- - - Suspended service

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Today's Amtrak system – minus national network trains




AMTRAK®

— Corridor Service
— Northeast Corridor Service

Half of the states and communities we serve would lose all service – and the rest would lose a lot of travel choices

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National network trains provide a vital public service

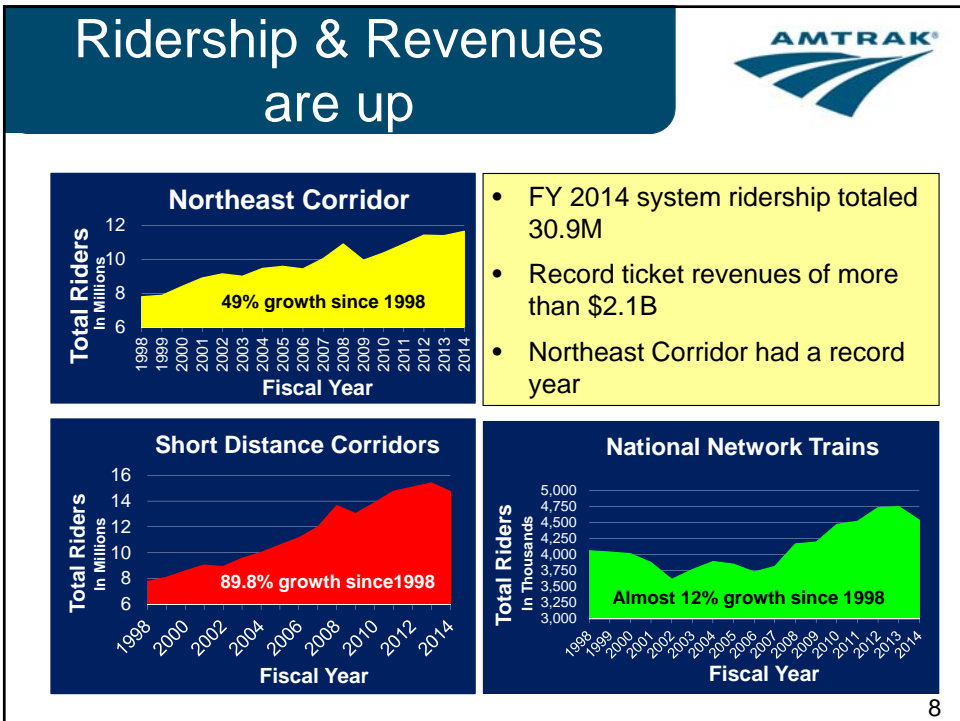
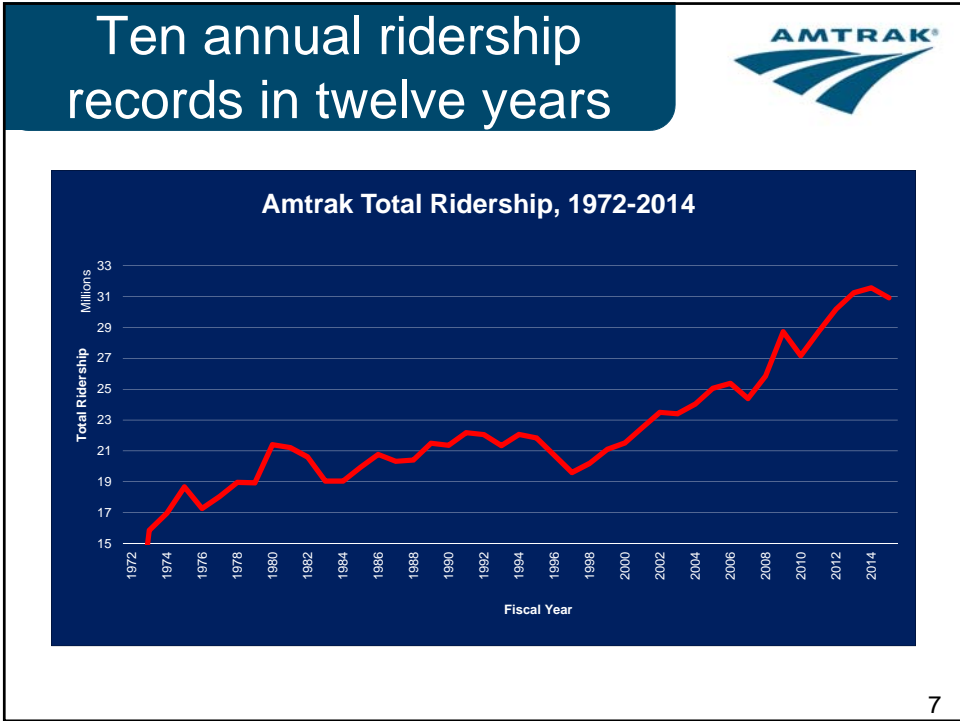


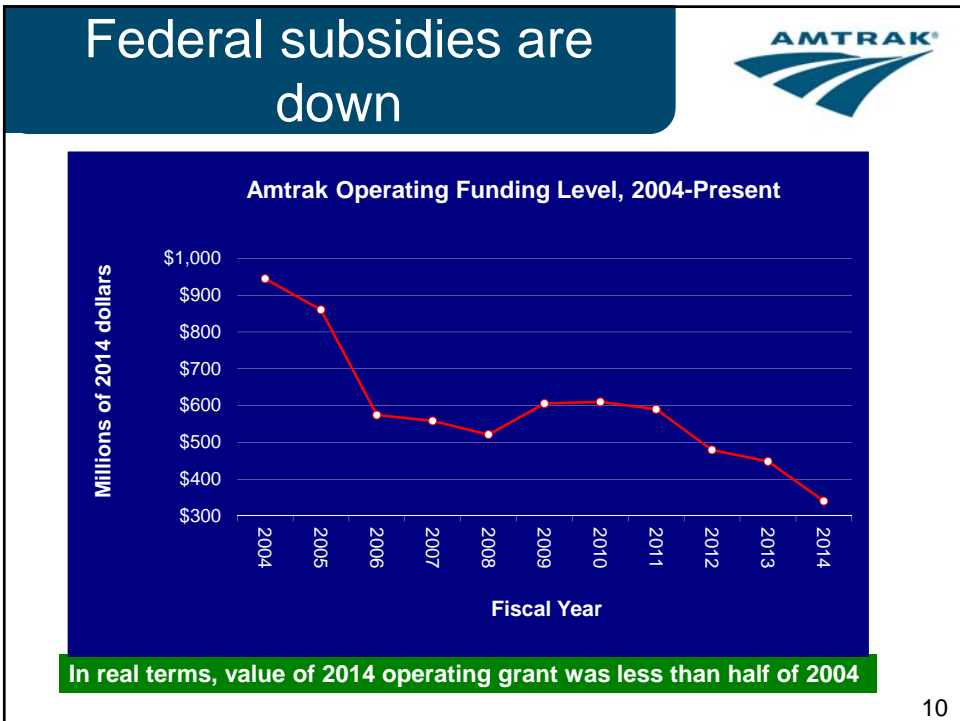
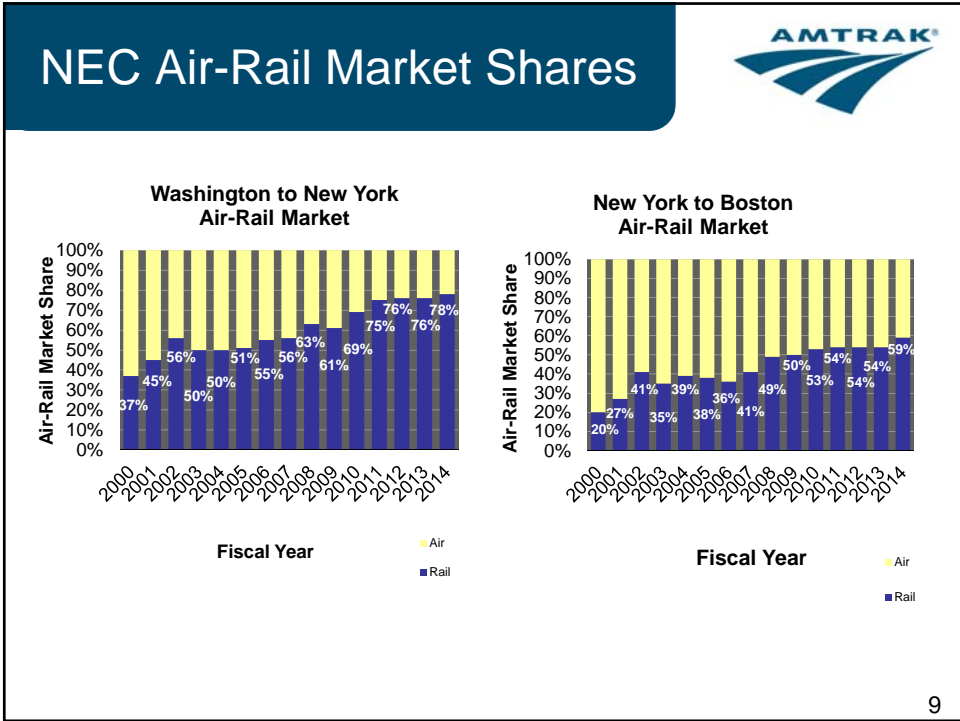
Intercity Bus Coverage			
State Name	% of rural residents served, 2005	% of rural residents served, 2010	Change (%)
Alabama	92.4%	60.9%	-34%
Georgia	92.4%	66.1%	-28%
Kansas	71.8%	52.6%	-26.7%
Kentucky	70.7%	50.2%	-28.9%
Louisiana	91.2%	72.7%	-20.3%
Mississippi	93.8%	62.8%	-33%
Missouri	80.4%	69.6%	-13%
Nevada	85.3%	66.1%	-22.5%
New Mexico	84.3%	61.0%	-27.6%
North Carolina	95.0%	72.9%	-23.3%
North Dakota	50.7%	35.2%	-30.1%
Virginia	89.2%	68.0%	-23.8%
West Virginia	75.7%	46.2%	-38.9%

Source: USDOT

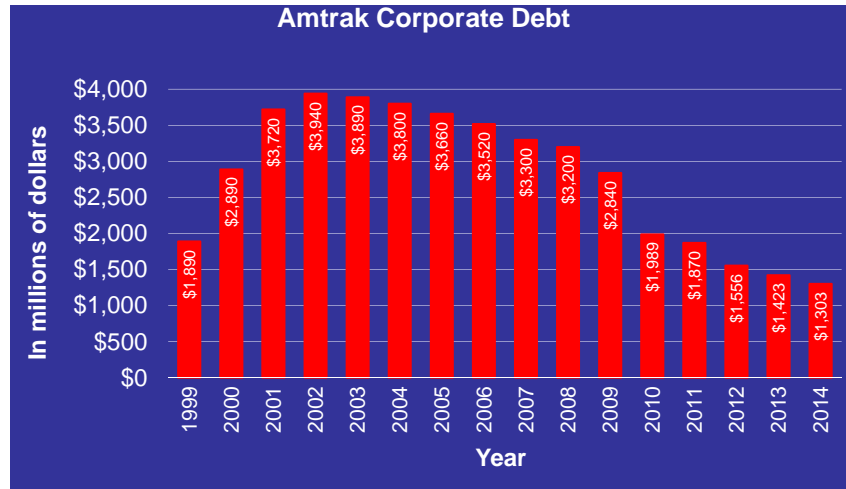
- A public service:
 - 41% of passenger-miles
 - 15% of ridership, but 23% of ticket revenues
 - 42% of identified passengers with disabilities who use Amtrak
 - Only Amtrak service at
 - Half our stations
 - Half the states we serve
 - 70% of our route-miles
- Serve about 40% of America's rural population
- More than half of adult passengers are age 55 or older
- In many places, only remaining scheduled intercity transportation (bus services served 11% fewer Americans in 2011 than 2005)

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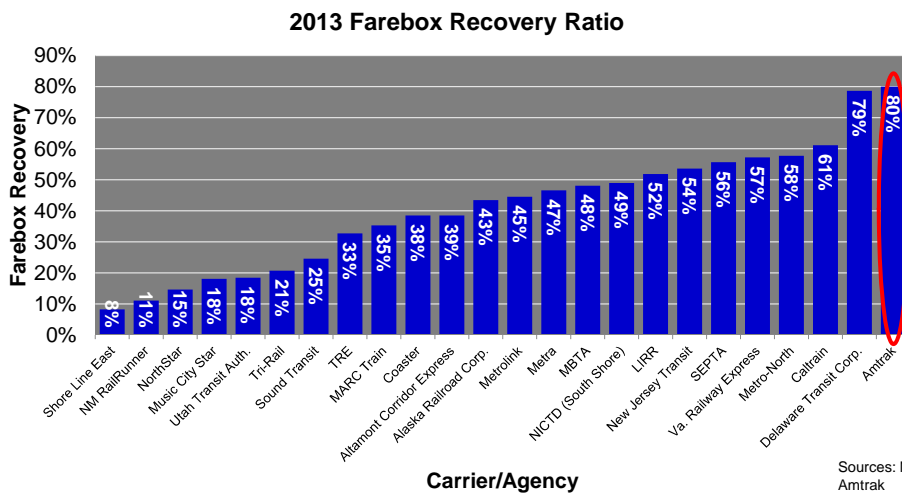


Debt is down



Total indebtedness is less than half of the 2002 level

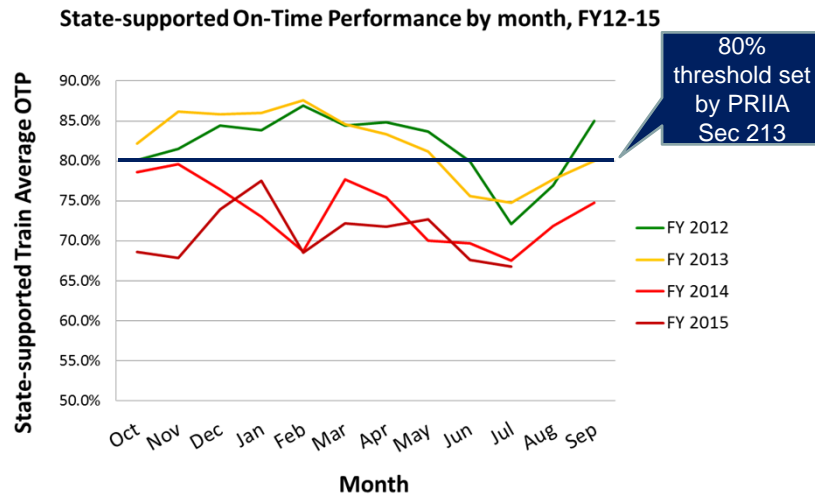
Amtrak has the highest "farebox recovery" of any American railroad



Sources: NTD, Amtrak

Ancillary revenues raised Amtrak's total cost recovery to 93% in 2014

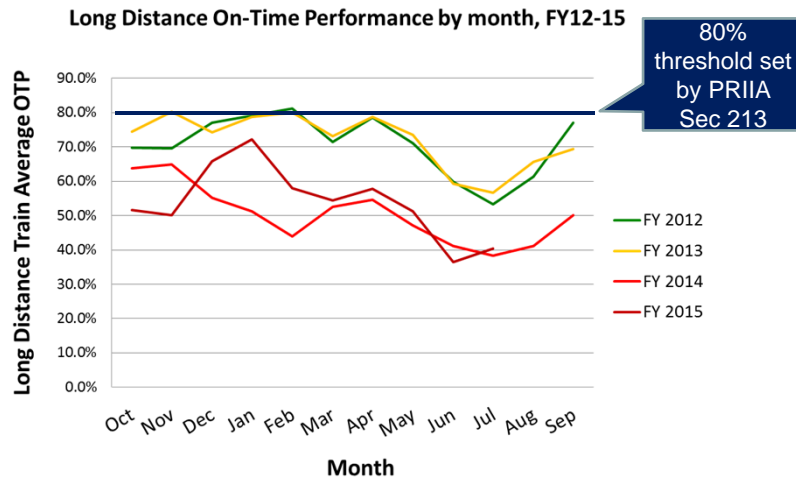
On-time performance is becoming a systemic problem



These trains have not reached the Federally-mandated 80% OTP level since 2013

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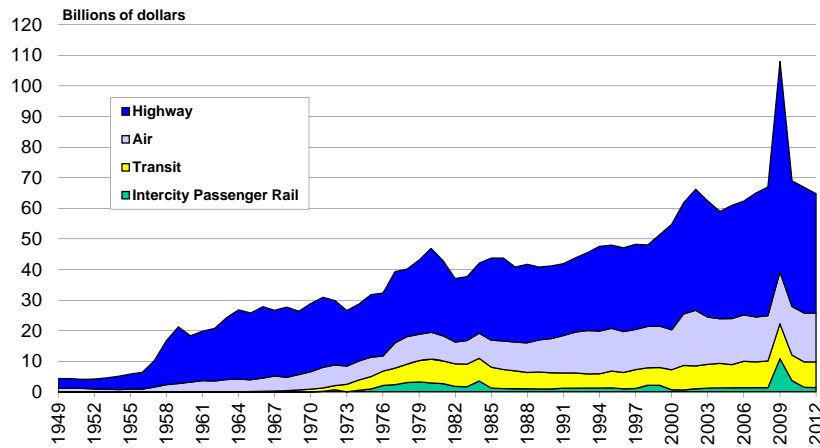
Problems with national network OTP are even worse



If this challenge goes unaddressed, costs will rise, revenues will drop, and we will become more dependent on Federal support

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Federal transportation investment by mode, 1949-2012



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H.R. 5449 Passenger Rail Reauthorization Bill



- Recognizes Amtrak's desire to reinvest NEC revenues
- Bipartisan effort
- Investment levels are not sufficient to fund the full range of identified needs

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Sustaining our system



- National network trains serve many towns in rural areas with few travel options
 - More than 500 communities
 - 46 states
- Relationships with these on-line communities are extremely important

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Major Systems and Programs



- Customer Experience Program
- Wi-Fi projects
- On-Board Information System (OBIS)
- Passenger Information Display Systems (PIDS)
- Advertising and Loyalty Programs

These programs are designed to improve the customer experience

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Amtrak.com Redesign

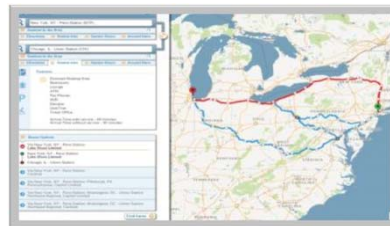


The initial concepts for the new Amtrak.com interface present customers with a more compelling and personalized experience

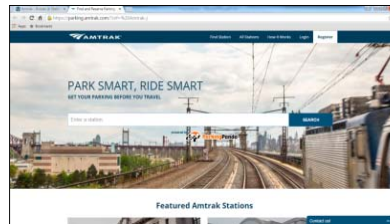
FY 15 Reservations System Program changes



- All bookings now available through all touch points:
 - Bookings made through the contact center and station agents can be viewed and modified on Amtrak.com/Mobile
 - Customers booking through Corporate Booking Tools may access and modify/cancel their reservations on Amtrak.com
- New Trip Planning functionality makes itinerary options easier to understand
- Added parking options now available through Parking Panda
- Roll out of eTicketing for customers on non-dedicated thruway bus connections in FY15



New Online Trip Planning



Parking Panda on Amtrak.com

Ongoing Wi-Fi Projects

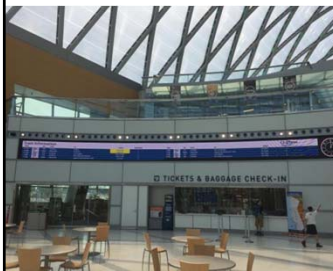


- Enhanced targeting:
 - Customize and enhance state partner Wi-Fi landing pages (via the Wi-Fi Landing Page Customization Program).
- FY16 Wi-Fi Technology Refresh/Research
 - Testing replacement on-board Wi-Fi solution
 - Evaluating satellite as a potential Wi-Fi platform
- On-board Entertainment
 - Evaluating on-board entertainment solution
 - Potential for basic and premium content on all routes throughout the national system
- Trackside Broadband Wi-Fi Feasibility Program



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Passenger Information Display System (PIDS) Overview



- Visitors and customers want effective, real-time communications
 - Customers value in-station messaging
 - Reduced passenger anxiety
 - Makes travelling more enjoyable, increasing the likelihood of repeat customers
- Compliance with the Americans with Disabilities Act (ADA) requires all messaging to be delivered audibly and visually
 - Stand-alone public address systems not ADA compliant
 - Public address and visual messaging systems must be deployed in parallel
 - Audio and visual messages must be synchronized
- PIDS enhances station staff productivity by automating messaging tasks

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Amtrak Guest Rewards 2.0 arrives January 2016



- The program re-launch was announced in August via email and press release with information and details on the program website
- AGR 2.0 will be simplified with improved program relevance across the country
- Eliminate the travel award “zone chart” by aligning redemption point requirements with fares.
- AGR members will be able to book, modify, and cancel reward tickets themselves on Amtrak.com or mobile
- Both earning and redemption will be a function of price

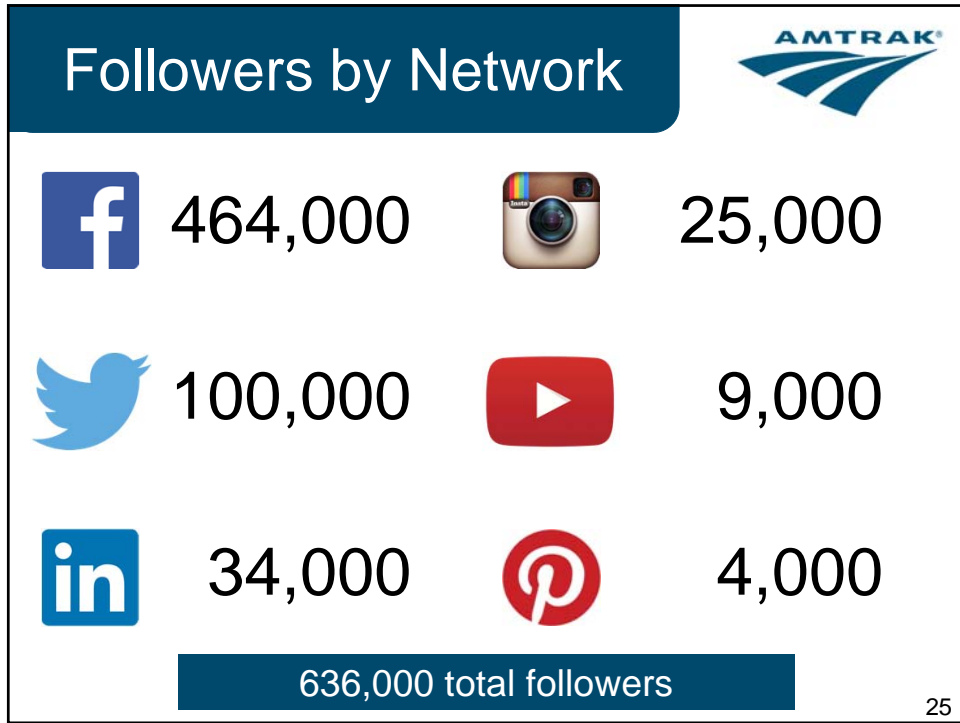
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Social Media Presence




- Diverse followers represent almost countless constituencies
- Active on Facebook, Instagram, LinkedIn, Pinterest, Twitter, YouTube
- Additional accounts focus on specific routes, service issues, and career opportunities

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Southwest Chief: Key Facts & Figures

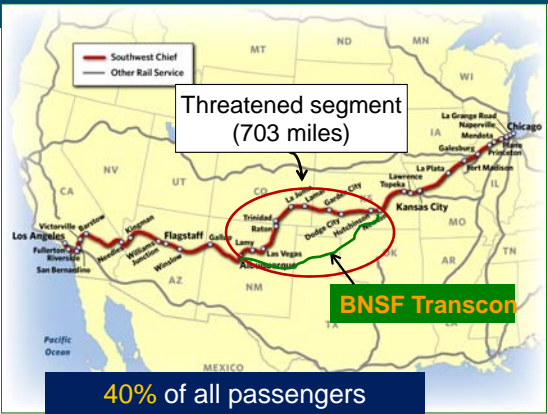


- Daily service
- 352,152 riders in FY 14 (7% of LD total)
- \$44.6 million in ticket revenue in FY 14 (8.7% of LD total)
- \$6.8 million in connecting revenue
- Serves 33 communities in 8 states
- Generates 4.5% of Amtrak's passenger miles (303.5M in FY14)
- Operating this service requires five trainsets and five crewbases

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Amtrak's Southwest Chief






Key Facts and Figures

- 2265 miles, 42 hours (2nd longest Amtrak route)
- Vital link between online communities and endpoints
- Average trip length 774 miles
- OTP has fallen from 85% to 62% in a year

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Core challenges



The Issues

- Freight traffic on this line has dried up
- BNSF plans to cut maintenance beginning in 2016, reducing passenger speeds from 79 mph to as low as 10 mph on the Trinidad, CO to Lamy, NM segment
- Estimated costs were staggering:
 - \$100M for "one time" capital maintenance investment (rail relay)
 - \$10M for incremental maintenance (the 30mph-79mph differential)


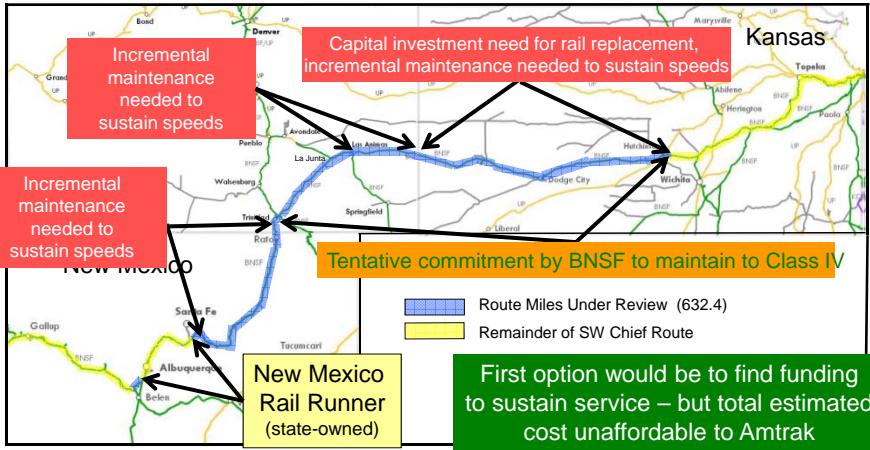
The Questions

- Who will pay for major capital needs on this segment?
- Who will assume major passenger-specific maintenance costs?
- What is the best course of action?
 - Continue service on this route
 - Shift to BNSF Transcon
 - Cease service on affected section, attempt to operate remaining segments as state-supported services
 - Abandon service entirely

Prior to this, we really had no model for dealing with such a situation, and preceding cases were not particularly heartening

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The "threatened segment"

First option would be to find funding to sustain service – but total estimated cost unaffordable to Amtrak

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First steps



- Four years ago (when problem became apparent), Amtrak Government Affairs approached state DOTs to propose a partnership:
 - 5 way split (Amtrak, BNSF, CDOT, KDOT, NMDOT)
 - 10 year period
- Initial proposal envisioned \$4M/ party for 10 years
- States expressed interest, but declined to provide funds
- In mid-2012, states jointly urged Amtrak to seek Federal funding

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Our Strategy



- Amtrak elected to pursue a “community education” strategy, engaging online mayors and communities
- Kansas mayors convinced KDOT to support TIGER grant applications by Garden City – also pledged \$10K apiece
 - Attempt in 2013 failed (in spite of Amtrak, KDOT match offers)
- In 2014, a couple of things happened that tilted the balance in our favor:
 - Colorado online communities pledged \$250K
 - BNSF committed to providing the incremental maintenance required for 79 mph as far west as La Junta, CO at no cost to Amtrak if the grant succeeded

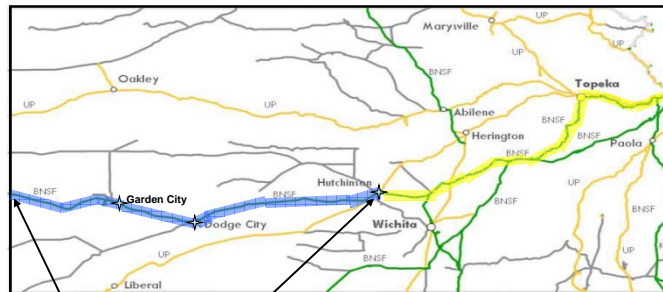
Grant succeeded in FY 2014 – allowing Amtrak to obtain a \$20M capital program at a cost of only \$4M

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The Game Changer – a Federal TIGER Grant



Hutchinson, KS to
Colorado Line
(244 miles)



KS Portion Under Review

The Plan

- Federal TIGER Grant to Garden City, KS, will provide \$12.5M for rail replacement
- Amtrak will provide \$4M
- BNSF Ry will provide \$3M
- KDOT will provide \$2M

In addition to capital match, BNSF will pay incremental cost to maintain for 79 mph

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The Remaining Challenges



- This contribution will fund approximately 50 miles of new rail – about a quarter of total funding need
- BNSF has indicated a willingness to support future applications for remaining segments in Kansas and Colorado on the same basis (match, incremental maintenance contributions) – but that holds only if capital investment is forthcoming
- Maintenance in New Mexico still an open issue, but not as pressing as Kansas
 - State currently maintains segment from Albuquerque to Lamy for RailRunner commuter service and for Amtrak
 - Cost to maintain remaining 220 miles in NM is about **\$9.6M/year**
 - Amtrak Government Affairs is working with NMDOT to address this issue in the 2015 legislative session

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Recommended course of action



- TIGER Grant is precedent-setting
- For only \$4M, Amtrak obtains significantly greater value
 - \$17M in Federal and partner capital investment
 - Addresses the incremental maintenance issue
- Success will provide several useful outcomes:
 - Potential new model for service sustainment
 - Builds momentum for other grants which will complete the work in Colorado and Kansas
 - Builds several very important partnerships
 - Signals to NMDOT and CDOT that there is broad support for service sustainment, making future funding more attainable